

LAW 3842/23.04.2010 (GG A 58)

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Restoring tax justice, addressing tax evasion and other provisions

THE PRESIDENT OF THE HELLENIC REPUBLIC

We hereby adopt the following law voted for by the Hellenic Parliament:

CHAPTER G. TAX INCENTIVES FOR DEVELOPMENT

Article 71

Tax Incentives for Patents

1. The profits of a company from the sale of the products it has manufactured using a patent, internationally acknowledged in the name of the company and developed by it, shall be exempted from the income tax for three consecutive years, starting from the year during which income was collected for the first time from the sale of the aforementioned products. The exemption shall be also granted when the products are manufactured in third party's facilities. Moreover, it also applies to profits coming from the provision of services, when it regards exploitation of a patent, also internationally acknowledged.

2. By decision of the Minister of Education, Life-long Training and Religious Affairs, the company that is subject to the provisions of this Article for the specific product or type of service produced or provided, as the case may be, shall be approved following a request submitted to the competent service of the aforementioned Ministry.

3. Tax exempted profits shall appear in a tax-exempt reserves account and be calculated based on the net profits stated based on the timely submitted income tax statement, are deducted from the books kept, appear in the balance sheet and come from all the **company's** activities, after deducting profits that are exempted from the income tax and the profits from the participation in other companies, the deductions stipulated for forming the statutory reserves and the year profits actually distributed or undertaken by the partners or the entrepreneur, as well as tax-exempt discounts for investments provided for by development laws. In case of sociétés anonymes and

limited liability companies, the statutory reserves and the distributed profits shall be reduced to a mixed amount by the addition of the tax applicable to them. In case of companies keeping B Class books, pursuant to the Greek Code on Books and Records, the reserve shall be formed from the net profits stated in the initial statement, after deducting profit taking. When the company collects income not falling under the provisions hereof, the profits exempted from taxation shall be the part of the aforementioned profits corresponding to the income from the sale of the products or the provision of the services cited in paragraph 1.

4. The tax-exempt reserves formed pursuant to the previous paragraph shall be subject to taxation under the general provisions of the Code on Income Taxation, by the part each time distributed, capitalized or undertaken.

5. By a joint decision of the Minister for Finance and the Minister for Education, Life-Long Training and Religious Affairs, the patent certification bodies, the conditions, the terms, the procedure and any other necessary details for the application of the provisions hereof shall be determined. If such decision is not issued, the provisions hereof shall not enter in effect.

6. The provisions hereof shall apply to sales of products or provision of services falling under this Article and taking place from 1st January 2010 and thereafter.